

# SAN MATEO COUNTY ECONOMIC FORECAST

The San Mateo County economy is expanding very rapidly. In 2017 the county gained 11,100 jobs, representing a growth rate of 2.8 percent. By comparison, statewide growth was observed at 2.0 percent.

The San Mateo County unemployment rate was exceptionally low in 2017, falling to 2.7 percent, which is near its lowest sustainable level. The economy has now reached a “full employment” scenario, meaning that almost everyone who wants a job already has a job. Under these conditions, firms can only increase their employee headcounts by recruiting workers from other companies, recruiting people from other cities, or hiring new graduates.

San Mateo County is in the middle of a construction boom. Between 2012 and 2017, an average of 1,700 homes were built each year, and an average of \$1.0 billion was invested into non-residential structures. Most of this activity was concentrated in apartments and condos, office buildings, retail structures, hotels, and the parking structures needed to accommodate all these new facilities.

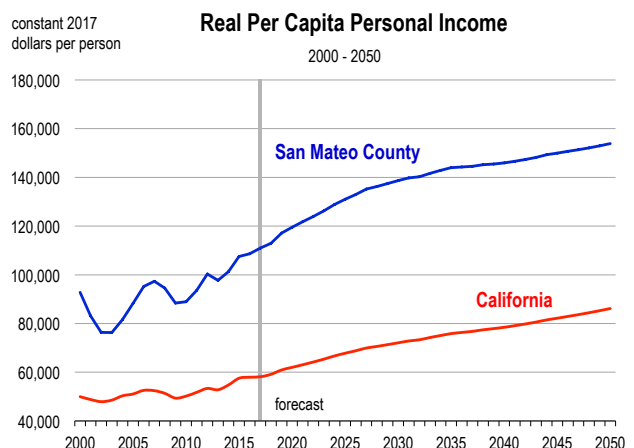
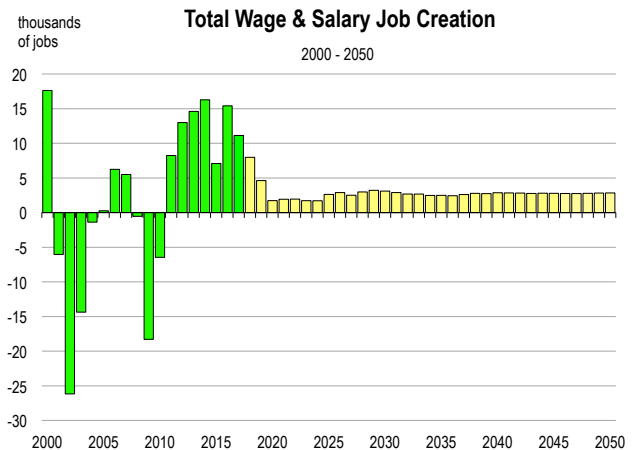
But despite the surge of new building activity, housing production is not keeping pace with population growth. Home prices are now 48 percent above their bubble-era peak, and housing affordability is becoming a major problem. In San Mateo County, households often spend more than 50 percent of their pre-tax income on mortgage payments and rent, whereas this figure is typically less than 25 percent across Inland California.

High home prices are reducing migration to San Mateo County. Population growth has decelerated, and is now below the statewide average. Because home prices are expected to rise faster than incomes, worsening the housing affordability problem, net migration will be low for the foreseeable future.

The San Mateo County technology sector continues to expand rapidly. Venture capital funding to technology companies has been very high for most of the current business cycle, allowing new startups to form and existing firms to expand. The county now has 24,700 workers at software firms, 15,000 workers at Internet publishing and search companies, 3,800 workers in data services and hosting companies, and 2,800 workers at computer systems design firms.

## FORECAST HIGHLIGHTS

- Total employment will rise by 2.0 percent in 2018. From 2018 to 2023, growth is expected to average 0.6 percent per year.
- From 2018 to 2023, the principal engine of employment growth will be professional services, which will account for almost half of net job creation in the county. Strong growth will also be observed in leisure services, education and healthcare, and transportation.
- Between 2018 and 2023, an average of 1,500 new housing permits will be issued each year. Most of these units will be apartments and condos.

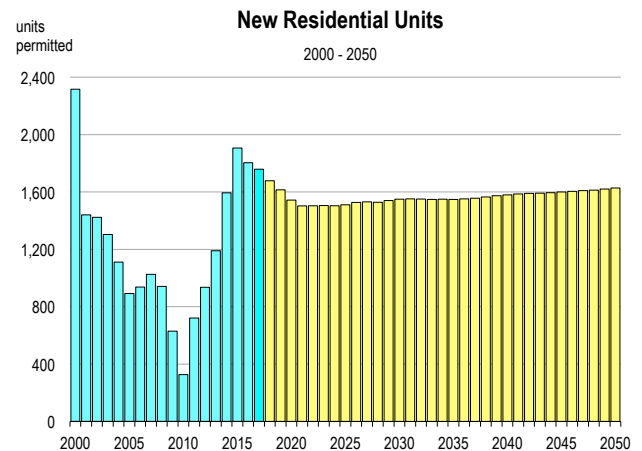
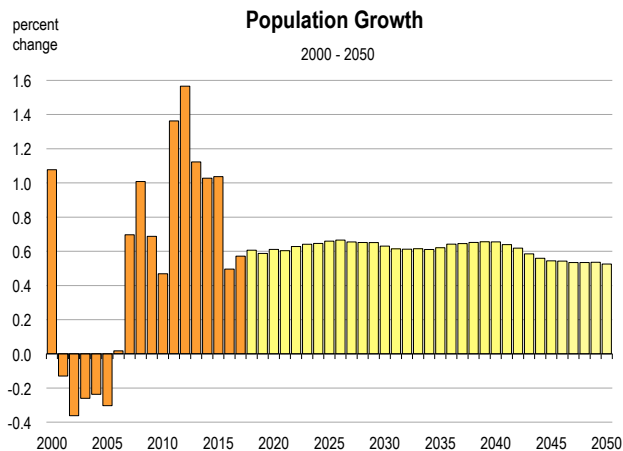


- Billions of dollars will be invested into new non-residential structures, particularly office buildings, but we are near the peak of the current building cycle, and annual investment levels will decelerate during the forecast period.
- Because we are near the peak of the current building cycle, job losses may be observed in the construction sector.
- In San Mateo County, inflation-adjusted salaries are expected to rise by an average of 2.7 percent per year between 2018 and 2023, which will be faster than statewide growth.
- Real per capita income is expected to increase at a rate of 2.3 percent per year, surpassing \$126,000 by 2023.
- The population is expected to increase by 0.6 percent per year from 2018 to 2023, which will be similar to the statewide average. Approximately 900 net migrants will enter the county each year, accounting for approximately a fifth of all population growth.

# San Mateo County Economic Forecast

## 2010-2017 History, 2018-2050 Forecast

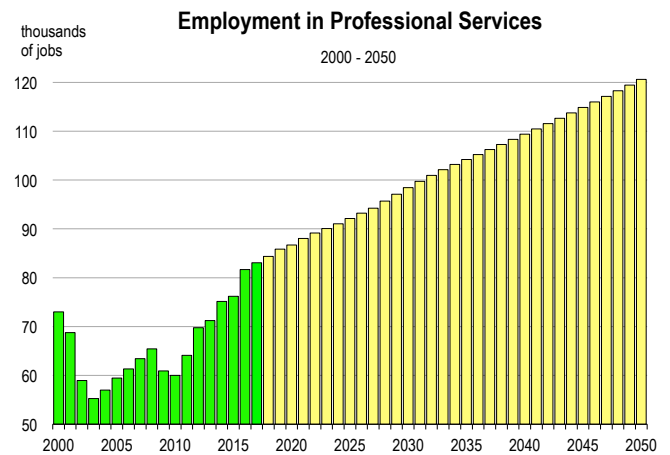
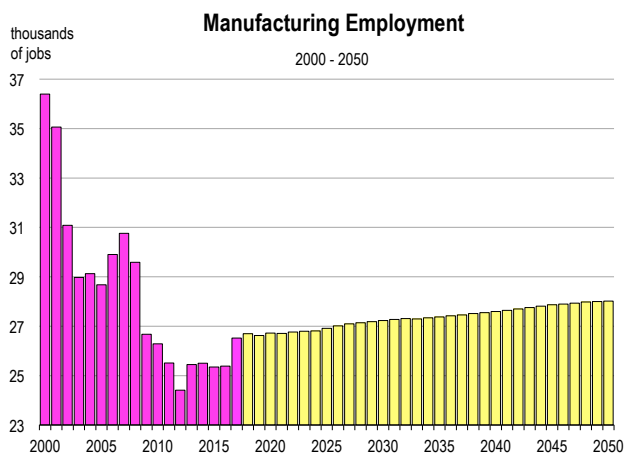
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2010	719,619	-1,560	678	257.8	327	\$12.0	\$52.9	\$88,928	1.3	173.9	9.8	8.4
2011	729,429	5,191	675	258.1	721	\$13.0	\$58.0	\$93,657	2.7	161.5	9.3	7.5
2012	740,850	7,048	684	258.3	935	\$13.9	\$64.8	\$100,369	2.7	160.8	9.3	6.4
2013	749,165	3,950	702	257.9	1,190	\$14.6	\$65.2	\$97,707	2.3	160.7	10.1	5.3
2014	756,866	3,260	716	258.9	1,594	\$15.3	\$70.2	\$101,261	2.8	166.1	10.5	4.2
2015	764,711	3,403	732	259.8	1,907	\$15.5	\$77.3	\$107,541	2.6	140.9	10.6	3.4
2016	768,507	-570	747	260.9	1,804	\$15.7	\$80.9	\$108,598	3.1	139.3	11.0	3.0
2017	772,900	312	761	262.4	1,759	\$16.5	\$85.8	\$110,949	3.2	139.1	11.8	2.7
2018	777,587	669	768	264.0	1,678	\$17.2	\$91.0	\$112,924	3.7	132.4	12.1	2.4
2019	782,155	568	771	265.5	1,615	\$18.0	\$97.9	\$117,093	3.1	125.8	12.1	2.4
2020	786,935	809	772	266.9	1,544	\$18.8	\$104.7	\$119,520	4.1	119.4	12.3	2.5
2021	791,684	801	774	268.2	1,503	\$19.6	\$111.2	\$121,785	3.6	113.1	12.6	2.5
2022	796,656	1,047	776	269.5	1,504	\$20.5	\$117.9	\$123,968	3.5	106.9	13.0	2.5
2023	801,764	1,215	777	270.8	1,506	\$21.3	\$125.0	\$126,258	3.4	100.9	13.3	2.6
2024	806,943	1,318	778	272.2	1,504	\$22.2	\$132.6	\$128,882	3.3	95.0	13.7	2.6
2025	812,264	1,502	780	273.5	1,511	\$23.1	\$139.9	\$130,995	3.1	89.3	14.0	2.6
2026	817,671	1,608	783	274.8	1,527	\$24.0	\$147.3	\$132,971	3.1	83.8	14.4	2.5
2027	823,025	1,574	786	276.1	1,531	\$25.0	\$155.3	\$135,243	3.0	78.5	14.7	2.6
2028	828,386	1,591	789	277.5	1,528	\$26.0	\$162.7	\$136,290	3.3	73.3	15.1	2.5
2029	833,779	1,615	793	278.8	1,540	\$27.0	\$170.3	\$137,471	3.1	68.3	15.5	2.5
2030	839,034	1,454	798	280.2	1,550	\$28.1	\$178.0	\$138,660	3.0	63.5	15.8	2.5
2031	844,190	1,311	804	281.5	1,552	\$29.2	\$185.8	\$139,816	2.9	58.9	16.2	2.5
2032	849,360	1,265	810	282.9	1,551	\$30.4	\$193.3	\$140,238	3.1	54.5	16.6	2.5
2033	854,584	1,233	817	284.2	1,548	\$31.7	\$201.8	\$141,692	2.7	50.3	17.0	2.4
2034	859,802	1,125	824	285.6	1,550	\$32.9	\$210.7	\$142,897	2.9	46.3	17.4	2.4
2035	865,140	1,146	831	286.9	1,548	\$34.2	\$220.1	\$143,992	3.0	42.5	17.8	2.4
2036	870,693	1,262	839	288.3	1,552	\$35.6	\$229.4	\$144,283	3.4	38.9	18.2	2.4
2037	876,310	1,257	845	289.6	1,557	\$37.0	\$239.3	\$144,521	3.5	35.4	18.7	2.4
2038	882,022	1,311	851	291.0	1,565	\$38.4	\$249.9	\$145,190	3.3	32.2	19.1	2.4
2039	887,806	1,344	856	292.4	1,574	\$39.9	\$260.9	\$145,514	3.5	29.2	19.6	2.4
2040	893,621	1,333	861	293.8	1,580	\$41.4	\$272.2	\$145,908	3.4	26.4	20.1	2.3
2041	899,332	1,184	867	295.1	1,586	\$42.9	\$283.9	\$146,569	3.2	23.8	20.6	2.3
2042	904,895	990	872	296.5	1,590	\$44.4	\$296.0	\$147,327	3.1	21.4	21.1	2.3
2043	910,188	676	878	297.9	1,592	\$45.9	\$308.5	\$148,197	3.0	19.1	21.6	2.3
2044	915,277	435	883	299.3	1,595	\$47.5	\$321.4	\$149,322	2.8	17.0	22.2	2.3
2045	920,257	302	888	300.7	1,600	\$49.1	\$334.3	\$150,000	3.0	15.1	22.7	2.2
2046	925,251	297	892	302.1	1,605	\$50.7	\$347.4	\$150,689	2.9	13.4	23.3	2.2
2047	930,194	230	897	303.5	1,610	\$52.4	\$361.0	\$151,350	2.9	11.8	23.9	2.2
2048	935,164	251	901	304.9	1,613	\$54.1	\$375.3	\$152,099	2.9	10.3	24.5	2.2
2049	940,174	295	904	306.3	1,621	\$55.9	\$390.4	\$152,948	2.9	9.0	25.0	2.2
2050	945,115	241	908	307.7	1,628	\$57.7	\$406.4	\$153,917	2.9	7.8	25.7	2.2

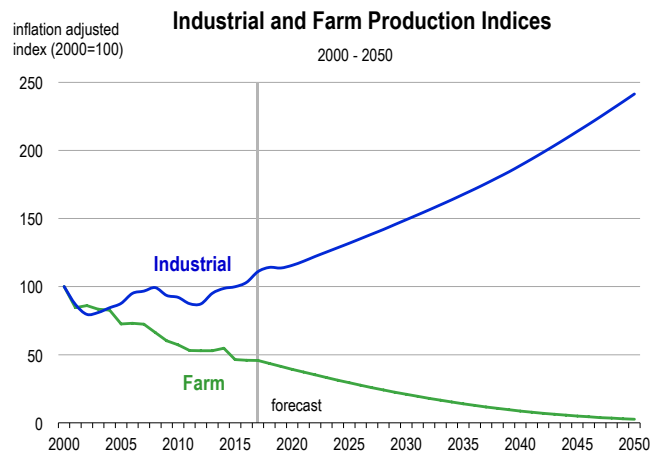
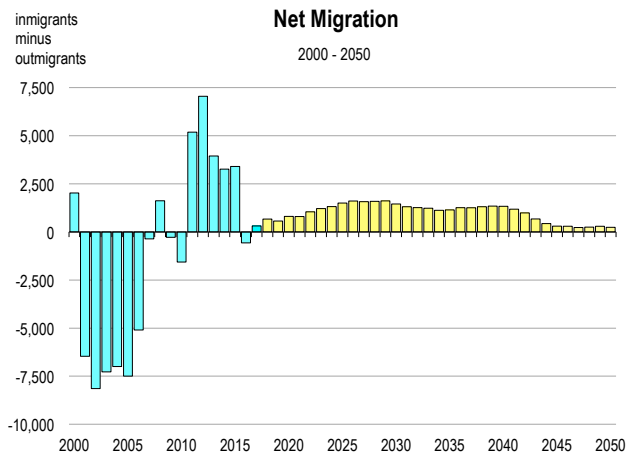
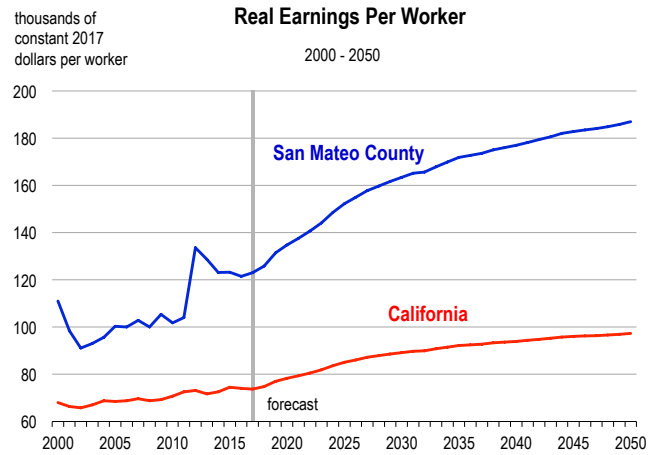
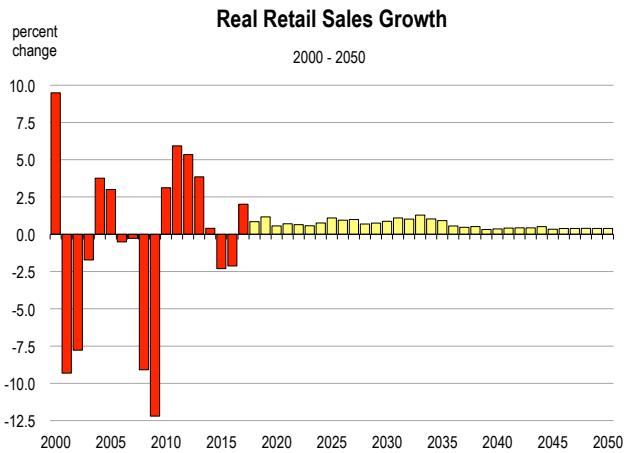


# San Mateo County Employment Forecast

## 2010-2017 History, 2018-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
employment (thousands of jobs)												
2010	317.8	1.73	12.7	26.3	24.4	44.0	18.6	60.0	17.5	36.1	33.8	31.3
2011	326.0	1.58	13.6	25.5	24.2	44.3	19.4	64.1	17.9	37.2	35.5	30.6
2012	339.0	1.61	13.9	24.4	25.6	44.7	20.1	69.8	20.9	38.1	36.8	30.3
2013	353.6	1.67	14.6	25.5	27.1	45.3	20.7	71.2	23.8	40.5	39.4	30.4
2014	369.9	1.78	15.7	25.5	27.8	46.5	21.7	75.2	26.7	43.0	40.9	31.2
2015	377.0	1.77	17.4	25.4	28.2	45.9	21.6	76.2	27.9	44.1	42.2	32.3
2016	392.4	1.78	18.1	25.4	30.5	46.0	22.5	81.7	31.6	45.0	42.6	33.3
2017	403.6	1.74	18.6	26.5	33.0	46.6	22.7	83.1	34.2	46.3	42.9	34.0
2018	411.5	1.76	19.2	26.7	33.5	47.1	22.8	84.4	37.1	46.8	43.4	34.1
2019	416.2	1.77	19.1	26.6	33.9	47.5	22.8	85.8	38.0	47.4	43.7	34.4
2020	417.9	1.78	17.9	26.7	34.3	47.8	22.9	86.7	38.2	47.9	43.8	34.6
2021	419.8	1.79	16.7	26.7	34.7	48.0	23.0	88.0	38.3	48.3	44.2	34.7
2022	421.8	1.79	15.6	26.8	35.3	48.3	23.1	89.2	38.2	48.8	44.5	34.7
2023	423.5	1.79	14.7	26.8	35.6	48.5	23.2	90.1	38.4	49.2	44.8	34.8
2024	425.2	1.79	13.8	26.8	36.0	48.8	23.2	91.0	38.7	49.6	45.0	34.8
2025	427.9	1.79	13.4	26.9	36.3	49.0	23.3	92.1	39.1	50.0	45.1	34.9
2026	430.8	1.79	13.2	27.0	36.7	49.1	23.4	93.2	39.6	50.3	45.2	35.0
2027	433.3	1.79	13.2	27.1	37.1	49.2	23.5	94.2	39.9	50.7	45.3	35.1
2028	436.3	1.79	13.2	27.1	37.4	49.4	23.5	95.7	40.2	51.0	45.5	35.2
2029	439.5	1.79	13.2	27.2	37.8	49.5	23.6	97.1	40.6	51.4	45.6	35.3
2030	442.6	1.79	13.2	27.2	38.2	49.6	23.6	98.4	41.0	51.7	45.8	35.4
2031	445.5	1.79	13.3	27.3	38.5	49.8	23.6	99.7	41.4	52.0	46.0	35.4
2032	448.2	1.79	13.2	27.3	38.7	49.8	23.6	101.0	41.8	52.3	46.1	35.5
2033	450.9	1.79	13.1	27.3	39.1	50.0	23.6	102.1	42.3	52.5	46.3	35.6
2034	453.3	1.79	13.1	27.3	39.4	50.1	23.6	103.2	42.7	52.7	46.5	35.6
2035	455.8	1.79	13.0	27.4	39.7	50.2	23.6	104.2	43.1	52.9	46.7	35.7
2036	458.3	1.79	13.0	27.4	39.9	50.3	23.6	105.2	43.6	53.1	46.9	35.8
2037	460.9	1.79	13.1	27.5	40.2	50.4	23.6	106.2	44.0	53.4	47.0	35.9
2038	463.7	1.79	13.1	27.5	40.4	50.5	23.7	107.3	44.5	53.8	47.2	35.9
2039	466.4	1.79	13.2	27.5	40.7	50.6	23.7	108.3	45.0	54.2	47.4	36.0
2040	469.3	1.79	13.3	27.6	41.1	50.6	23.7	109.4	45.4	54.5	47.6	36.1
2041	472.1	1.79	13.3	27.6	41.4	50.7	23.7	110.5	45.9	54.8	47.7	36.1
2042	475.0	1.79	13.4	27.7	41.8	50.8	23.7	111.5	46.4	55.2	47.9	36.2
2043	477.7	1.79	13.4	27.8	42.2	50.9	23.7	112.6	46.9	55.5	48.1	36.3
2044	480.5	1.79	13.4	27.8	42.5	51.1	23.6	113.7	47.4	55.8	48.3	36.4
2045	483.3	1.79	13.5	27.9	42.8	51.2	23.5	114.9	47.9	56.1	48.5	36.4
2046	486.1	1.79	13.5	27.9	43.2	51.3	23.4	116.0	48.4	56.4	48.6	36.5
2047	488.9	1.79	13.5	27.9	43.5	51.4	23.4	117.1	48.9	56.7	48.8	36.6
2048	491.6	1.79	13.5	28.0	43.8	51.5	23.3	118.3	49.4	57.0	49.0	36.7
2049	494.5	1.79	13.5	28.0	44.1	51.6	23.3	119.4	49.9	57.3	49.2	36.7
2050	497.3	1.79	13.6	28.0	44.4	51.7	23.2	120.6	50.4	57.6	49.3	36.8





## County Economic and Demographic Indicators

### Projected Economic Growth (2018-2023)

Expected retail sales growth:	3.7%
Expected job growth:	2.9%
Fastest growing jobs sector:	Wholesale Trade
Expected personal income growth:	15.3%

Expected population growth:	3.1%
Net migration to account for:	18.4%
Expected growth in number of vehicles:	1.3%

### Demographics (2018)

Unemployment rate (April 2018):	2.0%
County rank* in California (58 counties):	1st
Working age (16-64) population:	65.2%

Population with B.A. or higher:	47.0%
Median home selling price (2017):	\$1,175,000
Median household income:	\$112,471

### Quality of Life

Violent Crime rate (2016):	201 per 100,000 persons
County rank* in California (58 counties):	5th
Average commute time to work (2018):	31 minutes

High School drop out rate (2017):	5.5%
Households at/below poverty line (2018):	4.9%

\* The county ranked 1st corresponds to the lowest rate in California